

BALL JANIK LLP

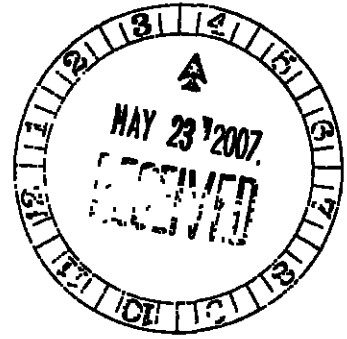
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KARI MORELL



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May 23, 2007

The Honorable Vernon Williams
Surface Transportation Board
395 E Street, S W
Washington, DC 20423

ENTERED
Office of Proceedings

MAY 23 2007

Part of
Public Record

219371

Re STB Finance Docket No 35024, State of Washington, Department of Transportation – Acquisition Exemption – Palouse River and Coulee City Railroad, Inc ✓

STB Finance Docket No. 35029, Eastern Washington Gateway Railroad Company – Lease and Operation Exemption – Line of Washington State Department of Transportation

219372

STB Finance Docket No 35030, US Rail Partners, Ltd – Continuance in Control Exemption – Eastern Washington Gateway Railroad Company

219373

Dear Secretary Williams

Palouse River and Coulee City Railroad, Inc ("PCC") hereby responds in support of the Petition filed by Washington State Department of Transportation ("WSDOT") in Finance Docket No 35024, on May 21, 2007, the Petition filed by Eastern Washington Gateway Railroad Company ("EWGR") in Finance Docket No. 35029, on May 18, 2007, and the Petition filed by US Rail Partners, Ltd ("USRP") in Finance Docket No 35030, on May 18, 2007

PCC and WSDOT recently entered into an Agreement whereby WSDOT is acquiring from PCC all of PCC's interest in the CW Branch and certain assets and interests in the P&L Branch and the PV-Hooper Branch. PCC has retained the exclusive rail freight easement on the PV-Hooper Branch, but not on the P&L Branch or the CW Branch. WSDOT has selected EWGR to be the operator of the CW Branch and the Washington & Idaho Railway, Inc ("WIR") to be the operator of the P&L Branch. The Agreement between PCC and WSDOT expressly provides that the transaction between PCC and WSDOT is to be consummated by June 1, 2007 and the Agreement

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contemplates that the transactions between WSDOT and EWGR and WSDOT and WIR are also to be consummated by June 1, 2007

PCC supports the requests for expedited effective date sought by WSDOT, EWGR and USRP so that WSDOT can meet its contractual commitments to PCC. In PCC's view, no party will be adversely affected by the requested relief. The transactions at issue in these three proceedings will not harm PCC or any of its employees. There are no PCC employees currently working on the P&L Branch since it is currently being operated by WIR as an agent of PCC. EWGR anticipates offering positions to three PCC employees currently working on the CW Branch. Alternatively, PCC has positions available elsewhere for all of its employees currently working on the CW Branch. Operations on the PV-Hooper Branch will be unaffected by the transaction between PCC and WSDOT, only the ownership of the underlying assets will change.

Moreover, granting the requested relief will benefit the shippers on the CW Branch by enabling the parties to achieve a smooth transition in operations.

Notwithstanding certain statements in the Petitions, PCC is fully aware of its common carrier obligations on the CW and P&L Branches in the event the Petitions are not granted.

If you have any questions, please call me

Sincerely,

A handwritten signature in black ink, appearing to read "Karl Morell". The signature is fluid and cursive, with the first name "Karl" being more prominent than the last name "Morell".

Karl Morell

cc Mark S. Lyon, Esq
Thomas J. Litwiler, Esq